

Message Text

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PAGE 01 LISBON 08512 101434Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 OPIC-03 L-03 TRSE-00

CIAE-00 INR-07 NSAE-00 EURE-00 /033 W

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P 101306Z DEC 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 9481

LIMITED OFFICIAL USE LISBON 8512

E.O. 11652: N/A

TAGS: EINV, PO

SUBJ: APPLIED MAGNETICS DISPUTE

REF: (A) LISBON 6704, (B) FOURIER/WILLIAMS TELECON OF DEC 7

1. ECON COUNSELOR AND COMMATT MET WITH SECRETARY OF STATE FOR BUDGET (MINISTRY OF FINANCE) RAMALHEIRA ON DECEMBER 9 TO DISCUSS APPLIED MAGNETICS (AM) DISPUTE. EMB OFFS BRIEFED SECSTATE ON BACKGROUND OF CASE AND EMPHASIZED THAT BAILEY, AM INTERNATIONAL VP, WILLING TO COME TO PORTUGAL TO NEGOTIATE ON SERIOUS, COORDINATED BASIS. RAMALHEIRA PROMISED TO DISCUSS TAX REBATE WITH GOP TAX AUTHORITIES AND LOAN GUARANTEE TO ESPIRITO SANTO BANK WITH SECRETARY OF STATE FOR TREASURY. HE ALSO STATED HE WOULD CONTACT LABOR MINISTRY TO DISCUSS INDEMNITIES TO WORKERS. HE PROMISED REPORT RESULTS OF HIS DISCUSSIONS ASAP.

2. COMMENT: IT WAS CLEAR THAT RAMALHEIRA BELIEVES THAT TAX AND GUARANTEE PROBLEMS CAN BE RESOLVED WITHIN FINANCE MINISTRY, BUT THAT ISSUE OF INDEMNITIES WILL INVOLVE LABOR MINISTRY AND COULD PROVE DIFFICULT TO RESOLVE. AM SHOULD BE AWARE OF SENSITIVITY OF LABOR ISSUE AND SHOULD BE CONSIDERING ROLE OF THIS ISSUE IN OVERALL SETTLEMENT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, DIPLOMATIC DISCUSSIONS, TAXES, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LISBON08512
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760456-0847
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761255/aaaabuze.tel
Line Count: 51
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 1
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 LISBON 6704
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by BoyleJA>; APPROVED <30 AUG 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: APPLIED MAGNETICS DISPUTE
TAGS: EINV, PO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006